



City Council Response to Grand Jury Report titled Efficiency in Government: Managed Competition

**Rules Committee
September 22, 2010
Item 1**

City Council Response to Grand Jury Report



- The Grand Jury filed this report on June 3, 2010.
- Provides a snapshot of the state of Managed Competition and Business Process Reengineering programs in the City of San Diego.
- 7 Findings and 2 Recommendations.
- Superior Court granted extension to November 1 due to Legislative Recess.

City Council Response to Grand Jury Report



- For each finding:
 - Agree
 - Disagree wholly or partially
- For each recommendation:
 - Has not been implemented
 - Has not yet been implemented, but will be
 - Requires further analysis
 - Will not be implemented

City Council Response to Grand Jury Report



City Council Response

- IBA received copy of Mayor's responses
- For each item, Council may:
 - Join the Mayor's response
 - Modify the Mayor's response
 - Respond independently of the Mayor
- IBA has prepared recommended responses on behalf of the Council

City Council Response to Grand Jury Report



Findings:	01, 02, 03, 05, 06, 07	<i>Join the Mayor's Response</i>
Findings:	04	<i>Respond with a Modification to the Mayor's Response</i>
Recommendations:	10-99	<i>Respond with a Modification to the Mayor's Response</i>
Recommendations:	10-100	<i>Join the Mayor's Response</i>

Finding #01



Finding #01: *In November 2006 the voters of the City of San Diego amended Section 117(c) of the City Charter to permit the City to employ independent contractors to perform city services and requiring that the City Council enact an ordinance implementing the amended City Charter.*

- Mayor's Response: Agree
- IBA Recommendation: Join the Mayor's Response

Finding #02



Finding #02: *The City has expended many hours in numerous sessions attempting to negotiate with City unions the terms of the implementing ordinance and managed competition guide.*

- Mayor's Response: Agree
- IBA Recommendation: Join the Mayor's Response

Finding #03



Finding #03: *The City has yet to enter a contract under the charter amendment passed by the voters on November 7, 2006.*

- Mayor's Response: Agree
- IBA Recommendation: Join the Mayor's response

Finding #04



Finding #04: *Managed Competition is stalled in a political and ideological battle that may ultimately have to be resolved: by enactment in November 2010 of the alternative Competition and Transparency in City Contracting Initiative 2010, an election result that alters the partisan split, or by some other means.*

Finding #04 (cont.)



- Mayor's Response: Partially disagree.
- At the October 27, 2009 impasse hearing, the City Council voted against implementing the Mayor's last best final offer and to continue vetting concerns by the City Council and labor organizations at the negotiating table.
- Since that time, the City Council has been providing direction to the Mayor's negotiating team and progress is being made with impacted organizations as the City continues to meet and confer, as required by law.
- The parties are working to resolve the impasse and adopt an appropriate Managed Competition Guide via an ordinance.

Finding #04 (cont.)



- IBA Recommendation: Respond with a modification to the Mayor's response.
- IBA Modification proposes to include the addition of the sentence below to be inserted at the end of the response:
“The City Council and the Mayor are committed to implementing Managed Competition following adoption of the Ordinance.”

Finding #05



Finding #05: The Grand Jury is empowered to make recommendations to the Mayor and City Council; but lacks the jurisdiction to make recommendations to the American Federation of State, County and Municipal Employees, AFL-CIO, Local 127, and the Municipal Employees Association. If the Grand Jury had such jurisdiction it would include these employee organizations in its recommendations.

- **Mayor's Response:** The Mayor declines to opine on the Grand Jury's jurisdiction to make recommendations to labor organizations, or what the Grand Jury's actions would be if they believed they had such jurisdiction
- **IBA Recommendation:** Join the Mayor's Response

Recommendation 10-99



Recommendation 10-99: *Proceed with the impasse process or other appropriate process to approve and enact the implementing ordinance, approve the Managed Competition Guide, and proceed to full implementation of amended Section 117(c) of the City Charter.*

Recommendation 10-99



- Mayor's Response: The recommendation has not yet been implemented but will be implemented upon completion of the required meet and confer process and City Council approval.
 - After reaching impasse with the affected labor unions on September 23, 2009, the City Council conducted an impasse hearing on October 27, 2009, at which time it rejected the Mayor's last best final offer.
 - Since that time, the City Council has been providing direction to the City's negotiating team, in fulfilling their duty under Council Policy 300-06 to resolve the impasse.
 - The Mayor is hopeful the City Council will expeditiously resolve the impasse and adopt an appropriate Managed Competition Guide via an ordinance.
 - At that point, the Mayor is committed to implementing a managed competition program to determine if city services can be provided more economically and efficiently by an independent contractor than by persons employed in the Classified Service while maintaining service quality and protecting the public interest.

Recommendation 10-99



- IBA Recommendation: Respond with a modification to the Mayor's response.
- IBA Modification includes the addition to the sentence below (addition in ***bold italics***):
 - “At that point, the Mayor ***and City Council are*** committed to implementing a managed competition program to determine if city services can be provided more economically and efficiently by an independent contractor than by persons employed in the Classified Service while maintaining service quality and protecting the public interest.”

Finding #06



Finding #06: *The City Facilities Division completed its Business Process Reengineering in June, 2008, but the BPR has not been implemented because the Union will not meet and confer on implementation.*

- Mayor's Response: Disagree. AFSCME Local 127 did initially refuse to meet and confer on the Facilities Maintenance BPR. They have since agreed to do so.
- IBA Recommendation: Join the Mayor's Response.

Finding #07



Finding #07: *The Grand Jury is empowered to make recommendations to the Mayor and City Council; but lacks the jurisdiction to make recommendations to the American Federation of State, County and Municipal Employees, AFL-CIO, Local 127, and the Municipal Employees Association. If the Grand Jury had such jurisdiction it would include these employee organizations in its recommendations.*

- Mayor's Response: The Mayor declines to opine on the Grand Jury's jurisdiction to make recommendations to labor organizations, or what the Grand Jury's actions would be if they believed they had such jurisdiction.
- IBA Recommendation: Join the Mayor's Response.

Recommendation 10-100



Recommendation 10-100: *Proceed with the impasse process or other appropriate process to approve and implement the Facilities Maintenance Division Business Process Reengineering, as well as other BPRs that have been completed by the City but have not been implemented because of refusal of the applicable union to meet and confer regarding BPRs.*

Recommendation 10-100



- Mayor's Response: The recommendation has not yet been implemented but will be implemented upon completion of the required meet and confer process and City Council approval.
 - The Mayor is committed to achieving costs savings through business process reengineering, efficiency studies, and other efforts.
 - Previous BPRs conducted by the Mayor have achieved over \$39M in annual savings and over \$6M in additional cost avoidances.
 - Council approval will be sought on completed BPRs either after, or subject to, completion of meet and confer obligations with labor.
 - The Facilities Maintenance BPR recommendations are currently under staff review prior to meeting with labor.
 - The labor organizations are no longer taking the position that BPRs cannot be implemented before a managed competition process is complete.
 - Progress has been made with impacted labor organizations and the City continues to meet and confer, as required by law. The Mayor is also committed to continuing to monitor the implementation of BPRs that are approved by City Council.

Recommendation 10-100



- IBA Recommendation: Join the Mayor's Response





Questions?